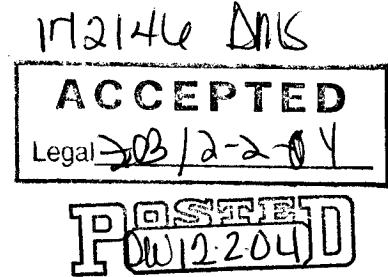


WILLOUGHBY & HOEFER, P.A.

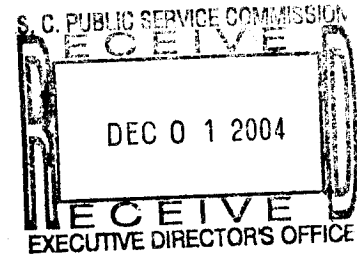
ATTORNEYS & COUNSELORS AT LAW
1022 CALHOUN STREET (SUITE 302)
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416



MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

November 30, 2004



*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission
of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Application of Carolina Water Service, Inc. for approval of a contract
with May Green Properties, LLC for water service in York County

Dear Mr. Terreni:

JM
Enclosed for filing are the original and ten (10) copies of the Application of Carolina Water Service, Inc., in the above-referenced matter. I would appreciate your acknowledging receipt of this document by date-stamping the extra copy of this letter that is enclosed and returning it to me in the enclosed self addressed stamped envelope.

If you have any questions or need additional information, please do not hesitate to contact me. With best regards, I am,

Sincerely,

WILLOUGHBY & HOEFER, P.A.

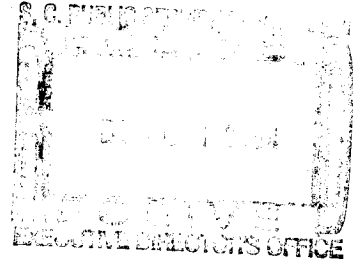
John M.S. Hoefer

JMSH/jmb
Enclosure

cc: Mr. Steven M. Lubertozzi
Mr. Bruce Haas
Mr. Thomas F. Smith

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2004-340.W



IN RE:)
)
Application of Carolina Water)
Service, Inc. for approval of a)
contract with May Green Properties,)
L.L.C.)
_____)

APPLICATION

Carolina Water Service, Inc. ("Applicant" or "Utility"), pursuant to Vol. 26 S.C. Code Ann. Regs. R.103-743 (Supp. 2003), hereby applies for approval of a contract between Applicant and May Green Properties, L.L.C. ("Developer"). In support of this Application, Applicant would respectfully show as follows:

1. Applicant is a public utility currently authorized to operate water and wastewater systems under the jurisdiction of the Commission in York County, as well as certain other counties in this state. Its corporate charter is presently on file with the Commission and an appropriate bond has been posted with same. A schedule of rates and charges for Applicant's sewer service has previously been approved by the Commission in its Order No. 2001-887, dated August 27, 2001 in Docket No. 2000-207-W/S.

2. The Applicant seeks approval of an agreement for water service ("Agreement") entered into between Applicant and the Developer dated November 10, 2004, a copy of which is attached hereto and incorporated herein by reference as Exhibit "A".

3. The Utility's River Hills Water System will serve the proposed development. The Agreement provides, *inter alia*, that the Developer will (a) construct all of the necessary water facilities ("Facilities") required to connect the proposed development to Utility's River Hills Water System and (b) acquire all necessary easements and rights-of-way ("Easements"). The Agreement also provides for the conveyance of the Facilities and Easements from the Developer to Applicant. Performance of the Agreement is conditioned upon its approval by this Commission.

4. The proposed development is within Applicant's Commission authorized Service Area in York County and the area franchised to Applicant by York County. Accordingly, no other public or governmental utility is authorized to serve the proposed development.

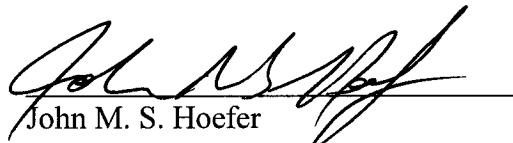
5. Applicant is to provide service to the proposed development pursuant to all of the terms, conditions, rates and charges set forth in its existing rate schedule (as and to the extent same may be modified by this Commission in any rate adjustment proceedings) except with respect to its authorized tap fees, which Applicant has agreed to waive in consideration of the substantial plant to be constructed by the Developer (see Exhibit "A, Article IV, ¶2). Applicant submits that this waiver is warranted and in the public interest given that (a) the plant to be constructed by the Developer will be capable of serving more customers in this portion of Applicant's authorized service area than it otherwise would if the Facilities were designed and constructed to serve only the additional 97 customers in the proposed development and (b) the larger capacity Facilities will permit Applicant to spread the costs of water service among a greater number of customers in the future which is a benefit to Applicant's entire customer base.

A handwritten signature in black ink, appearing to read "J. Smith", is located in the bottom right corner of the page.

6. Applicant submits that the public convenience and necessity will be served by the approval of this Agreement. Applicant further submits that no hearing in this matter is required. See S.C. Code Ann. §58-5-240(G) (Supp.2003).

7. All correspondence and communications regarding this matter should be sent to the undersigned.

WHEREFORE, having fully set forth its Application, Applicant prays (a) that the Agreement, be approved; (b) that hearing on the within matter be waived or review of the within application be expedited, and (c) that Applicant be granted such other and further relief as the Commission may deem just and proper.


John M. S. Hoefer
WILLOUGHBY & HOEFER, P.A.
1022 Calhoun Street, Suite 302
Post Office Box 8416
Columbia, SC 29202-8416
803-252-3300

Attorneys for Applicant

Columbia, South Carolina
This 30th day of November, 2004

AGREEMENT FOR WATER SERVICE
THE COVES / COVES SOUTH RESIDENTIAL DEVELOPMENTS

YORK COUNTY, SC

This Agreement is entered into this 10th day of November, 2004 by and between May Green Properties, I.L.C, (hereinafter referred to as "Developer"), and Carolina Water Service, Inc., a South Carolina corporation (hereinafter referred to as "Utility").

WITNESSETH

WHEREAS, Developer is the owner of certain real estate parcels located on Pole Branch Road at the intersections of Water Oak Drive and Island Forks Road in York County, South Carolina, hereinafter collectively referred to as the "Property" (see Exhibit 1),

WHEREAS, Developer desires to develop the Property into residential developments which will contain approximately (27) residential units at the intersection of Pole Branch Road and Water Oak Drive, to be called "The Cove", and an additional (70) residential units located across from the intersection of Pole Branch Road and Island Forks Road to be called "The Coves South", for a total of (97) residential units when completed.

WHEREAS, Utility is a public utility engaged in the business of furnishing water and sewer service to the public in its designated River Hills/Lake Wylie Franchised Service Territory located in York County. The Utility desires to have constructed and installed, and the Developer desires to construct and install, the water distribution facilities (hereinafter referred to as the "Facilities") in the Property subject to the terms and conditions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants as hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

Representations and Warranties of Developer

Developer represents and warrants:

1. That Developer is the owner of or is duly authorized to act on behalf of the owners of the Property; and,
2. That Developer will cooperate fully with the Utility in any and all applications or petitions to public authorities deemed necessary or desirable by Utility in connection with the construction and installation of the Facilities contemplated by this Agreement; and,
3. That Developer will convey to the Utility or otherwise vest in the Utility such right, title

and interest in and to such real estate as may be reasonably necessary to permit the Utility to carry out the terms and conditions of this Agreement; and,

4. That Developer will convey to Utility or provide by recorded subdivision plats such easements or rights of way as the Utility may reasonably require for the Utility's performance of its obligations under this Agreement. Any such plats, conveyances or licenses will be in form reasonably satisfactory to Utility's legal counsel.

ARTICLE II

Obligations and Construction of Facilities by Developer

Obligations of the Developer:

1. Water Distribution Facilities:

Developer shall construct and install all necessary water distribution facilities, including but not limited to water mains, valves, hydrants, service lines, meter boxes, meters, and other facilities as are reasonably required to provide adequate water distribution service (in accordance with applicable governmental and Utility standards and specifications) to all customers in the Property. Water distribution mains will have a minimum diameter of twelve (12) inches, except where otherwise approved by Utility. Developer shall also interconnect the water utility system in the Property to Utility's existing water distribution system located at the intersection of Pole Branch Road and Hwy. 274.

2. All materials used by the Developer for said Facilities shall be new, first-class, and suitable for the uses made thereof. Developer guarantees all construction, materials, workmanship, and the trouble-free operation of the Facilities (or any portion of the Facilities) for one year after the Facilities (or such portion of the Facilities) are placed in service.
3. All Facilities constructed and installed by Developer pursuant to this Article II shall be constructed and installed without cost or expense to Utility other than the consideration specified in Article IV of this Agreement.
4. All plans, specifications and construction of the Facilities shall be in accordance with applicable standards, requirements, rules and regulations of all governmental bodies and regulatory agencies which may have jurisdiction thereover, and shall have received the written approval of Utility before construction is begun, which approval shall not be unreasonably withheld or delayed.
5. Developer shall save and hold Utility harmless from and against all suits or claims that may be based upon any injury to any person or property that may occur in the course of the performance of the construction of the Facilities by Developer or by anyone acting on Developer's behalf, or under Developer's supervision and control, including but not

limited to claims made by employees of Developer, and Developer shall, at its own cost and expense, pay all costs and other expenses arising therefrom, or incurred in connection therewith, including reasonable attorneys' fees.

6. Developer shall obtain, in cooperation with Utility, all requisite permits and zoning and other approvals and all else required to construct the Facilities.
7. All of the Facilities installed by Developer pursuant to this Agreement shall become the property of Utility as installed. Developer shall execute all conveyances, licenses and other documents reasonably requested by Utility as necessary or desirable in its opinion to ensure its ownership of, ready access to, and operation and maintenance of the Facilities. Developer shall convey the Facilities to Utility free and clear of all liens, and shall furnish Utility with lien waivers in a form satisfactory to Utility's counsel from Developer and from all suppliers, subcontractors and all others who furnish labor, equipment, rentals, or who perform any services in connection with Facilities construction herein. Developer agrees to provide to Utility documentary evidence, in form satisfactory to Utility, sufficient to establish the original cost of the Facilities. Utility shall have, at all times, all right, title and interest in and to the Facilities.
8. Developer shall, prior to the transfer to Utility of the Facilities, grant permanent, assignable easements satisfactory to Utility, authorizing Utility to own, operate and maintain the Facilities throughout the Property and providing reasonably adequate rights of access and working space for such purposes.
9. Developer shall, upon transfer to Utility of the Facilities, provide to Utility as-built drawings, and all other information reasonably required to operate, maintain, and repair the Facilities.

ARTICLE III

Representations and Warranties of Developer

1. Developer will not, and will not permit by restricted land covenant, any owner of real estate within the Property to construct or maintain any private well in the Property.
2. Neither Developer nor any entity or individual affiliated with Developer has executed or will execute any agreement with any lot purchaser in the Property, or any other parties or made any representations to any such purchasers or other parties whereunder such purchaser or other parties have acquired any interest in Facilities to be installed under this Agreement.

ARTICLE IV

Utility Services, Connection Fees, Rates and Charges

1. Upon installation of the Facilities, Utility agrees to supply all customers within the Property with adequate and customary water service, and to operate, maintain and repair all Facilities as indicated herein, after acceptance by Utility and issuance of operational approvals by all regulatory authorities.
2. In consideration of the facilities installed, and the extension of the approximately seven thousand forty-five feet (7,045') of twelve inch (12") water main to serve the Property, Utility agrees to waive its standard tap fees for the proposed (97) residential services. However, all other applicable fees and charges will apply.
3. Upon completion of the development, and upon receipt of a Permit To Operate by S.C. DHEC, Developer shall pay the appropriate York County water tap-on or connection fee to Utility at the rate as in effect from time to time prior to the provision of utility service to any lot within the Property. Such fees, usage and all other incidental rates and charges shall be rendered by Utility in accordance with Utility's rates, rules and regulations and conditions of service from time to time on file with the South Carolina Public Service Commission (the "Commission") and then in effect.

ARTICLE V

Commission Approval

1. Within fifteen (15) days following the execution of this Agreement, Utility will file a petition with the Commission requesting approval of this Agreement. All terms and conditions contained herein are subject to Utility receiving said approvals from the Commission.

ARTICLE VI

General

1. Except as provided in this Agreement, neither party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligations hereunder, if such failure, default or delay is caused by strikes or other labor problems, by forces of nature, unavoidable accident, fire, acts of the public enemy, interference by civil authorities, acts or failure to act, decisions or orders or regulations of any governmental or military body or agency, office or commission, delays in receipt of materials, or any other cause, whether of similar or dissimilar nature, not within the control of the party affected and which, by the exercise of due diligence, such party is unable to prevent or

overcome, except as otherwise provided for herein. Should any of the foregoing events occur, the parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement.

2. Developer acknowledges that Utility's obligation to provide utility service is expressly conditioned upon the parties' mutual understanding that Utility has no obligation to install any additional water storage capacity to serve the Property.
3. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance by either party shall not be construed as a general waiver or relinquishment on its part of any such provisions, but the same shall, nevertheless, be and remain in full force and effect.
4. The representations, warranties and agreements contained herein shall survive, and continue in effect. Utility agrees to indemnify Developer, its successors and assigns, and hold Developer harmless against any loss, damage, liability, expense or cost accruing or resulting from any misrepresentations or breach of any representation, warranty or agreement on the part of Utility under this Agreement; Developer agrees to indemnify Utility, its successors and assigns, and hold it and them harmless against any loss, damage, liability, expense or cost of Utility, accruing or resulting from any misrepresentation or breach of any representation, warranty or agreement on the part of Developer under this Agreement or from any misrepresentation in or material omission from any certificate or other document furnished or to be furnished to Utility by Developer.
5. This Agreement sets forth the complete understanding between Developer and Utility, and any amendments hereto to be effective must be made in writing.
6. Notices, correspondence and invoicing required hereunder shall be given to Developer and to Utility at the following addresses, or at any other addresses designated in writing by either party subsequent to the date hereof:

If to Utility:

Carolina Water Service, Inc.
2335 Sanders Road
Northbrook, Illinois 60062
Attn: Mr. James L. Camaren
Chairman and Chief Executive Officer

If to Developer:

May Green Properties, LLC
104 Stone Village Drive
Fort Mill, SC 29708
Attn: Mr. Thomas F. Smith

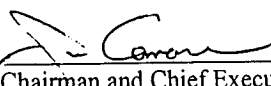
Delivery when made by registered or certified mail shall be deemed complete upon

mailing. Delivery by overnight courier shall be deemed complete when delivered.

6. This Agreement may not be assigned by Developer without the written approval of Utility, which approval shall not be unreasonably withheld. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
7. This Agreement shall be governed by the laws of the State of South Carolina.
8. If this Agreement is not executed prior to November 30, 2004, then the terms and conditions contained herein will be waived, with no further obligations or responsibilities to either party.

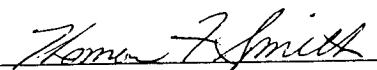
IN WITNESS WHEREOF, the parties hereto have set their seals the day
and year above first written.

Carolina Water Service, Inc.

By: 
Chairman and Chief Executive Officer

Attest:

May Green Properties, LLC

By: 
Its: MEMBER / MANAGER

Attest:
